

THE EFFECT OF TRANSFORMATIONAL LEADERSHIP, WORK MOTIVATION, AND JOB SATISFACTION ON EMPLOYEES' PERFORMANCE

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Abstract: *This study aims to determine the effect of transformational leadership, work motivation, and job satisfaction on employees performance in PDAM Brebes Regency office. The method used in this study is survey method that involved 116 respondents. The data gained were analyzed using validity test, reliability test, path analysis, and hypothesis testing. The results of this study and calculation data from Path Analysis show that transformational leadership, work motivation, job satisfaction affect employees' performance.*

Keywords: *transformational leadership, work motivation, job satisfaction, employees performance*

INTRODUCTION

An employee will have to make interaction and relation with his/her customers, stake holders, and office colleagues. This relation makes a certain reality that every employee needs to be able to have clear direction to be actively involved in their company business. Susskind et al., (2000) state that the company or organization support is able to influence employees' performance and motivation in serving their customers. In other words, organization or company supports become one variable that may have positive impacts on their employees' motivation. Consequently, an organization needs to give sufficient supports to their employees and also a strong leadership that can help the company achieve its goals.

Leadership is a process showing how a leader influences his/her employees in

achieving organization's goals. A leader who can give positive impacts to their employees will be able to motivate the employees' performance, and so as the contrary. Therefore, as an attempt to build positive working ambiance, in the interaction process, leaders need to possess a competence to understand their employees' characteristics and their job descriptions. By doing so, the leaders will have some inputs about how to give directions and motivation to the whole members of the company in achieving the company's goals.

In line with the statement above, Yammarino et al (1993) notes that leadership is one major factor that is able to affect employees' performance. Transformational leadership model is a relatively new model being discussed in leadership studies. This model is considered as the best leadership model in explaining leaders' characteristics. Concepts of

transformational leadership model integrate ideas that are developed through character approach, model, and contingency.

The soul of transformational leadership is *sharing of power*. Through this concept, a leader involves the employees to make adjustments and changes, or what so called form of empowerment. The discussion about employees' job satisfaction can't be separated from the fact that job satisfaction of the employees can be gained when their hopes dealing with duties accomplishment can be fulfilled. In addition, job satisfaction refers to reflection of feeling and from each individual within an organization and also their attitude towards their jobs as the results from their interaction with working environment. Employees who have been satisfied with their jobs are expected to give their finest competence and energy to accomplish the tasks so that they

can contribute to the best company or organization's performance.

Employees' good performance is totally needed by an organization in the services' sector in serving society's needs by giving the best services to the customers. Indonesia has several kinds of companies in services sectors that have crucial role in providing the society's needs, especially resources that have been become primary needs. One of the primary needs that is crucial is the availability of water resource. Indonesian government tries hard to fulfill the society's needs over water through Water Supply Local Unit (*Perusahaan Daerah Air Minum*), that is also responsible to make sure that the water supply in some areas is safe. *Badan Pendukung Pengembangan Sistem Penyediaan Air Minum* (BPPSPAM) evaluated the performance of 374 PDAM in the last three years whose results are as follows

Table 1 Evaluation on PDAM condition in Indonesia

Category	2016	2017	2018
Healthy	198	209	223
Not that healthy	108	103	99
Ill	65	66	52

Source : www.bppspam.com, 2018

It can be seen from the table that in 2018, there are 223 PDAM (59.6%) whoa are in healthy category, 99 PDAM are in not that healthy category (26,5%), and the rest 52 PDAM (13,9%) are considered in ill category. The association of drinking water companies in Indonesia (PERPAMSI) who has responsibilities to help the government in giving the best solution for all the

drinking water companies to improve their performance reveals that human resource problems still become the weak point of the drinking water companies in Indonesia. According to the data up to 2017, there are still 10% from total 52.000 employees who have had certificate of their competence that may contribute to the

quality the company's service (Performance report of PDAM, 2018).

The recent study tries to test three hypotheses as follows.

Hypotheses of the Study:

H1 : Transformational leadership has positive impact on employees performance

H2 : Work motivation has positive impact on employees performance

H3 : Job satisfaction has positive impact on employees performance

Method of the Study

The study was set as quantitative study by using survey method. According to Cooper (1996), survey method refers to an activity of asking questions to the respondents and recording their responses to be analyzed. This method is aimed to collect data in a large scope dealing with some variables through questionnaire.

The subject of the study involved employees in PDAM, Brebes. The objects of the study are employees' performance and other affecting factors that include transformational leadership, work motivation, and job satisfactions. The study was carried out in PDAM in Brebes.

The data collection process was conducted in a month, in April 2019. The population of the study involved 165 employees with 116 employees as the sample. They are all employees in PDAM Brebes. The data of the study were collected by using *Simple Random Sampling* that was conducted by randomly choosing respondents regardless their education level or position in the office, so each element of the population has the same opportunity.

RESULTS AND DISCUSSION

Validity and Reliability Test

a. Job satisfaction (X_1)

Table 2. Results of Validity and Reliability Test of Job Satisfaction Questionnaire (X_1)

No Item	Validity			Reliability	
	r hit	r tab	Criterion	r ₁₁	Criterion
1	0,538		Valid		
2	0,598		Valid		
3	0,735		Valid		
4	0,634		Valid		
5	0,549	0,182	Valid		
6	0,737		Valid	0,872	Very High
7	0,776		Valid		
8	0,769		Valid		
9	0,830		Valid		

10	0,712	Valid
11	0,765	Valid

Based on the table above, it can concluded that all items in the questionnaire dealing with job satisfaction (X_1) are valid since the r value of all items $>$ r table (0.182). This implies that the questionnaire has been considered valid to measure the employees' job satisfaction. In

addition, the value of r_{11} that is 0.872 shows that reliability or level of consistence of the questionnaire is categorized in Very High criterion that makes the results of this questionnaire it trustworthy in measuring job satisfaction among employees in PDAM in Brebes District.

b. Transformational Leadership (X_2)

Table 3. Results of Validity and Reliability Test of Transformational Leadership Questionnaire (X_2)

No Item	Validity			Reliability	
	r value	r tab	Criterion	r11	Criterion
1	0,656	0,182	Valid	0,811	Very High
2	0,601		Valid		
3	0,668		Valid		
4	0,818		Valid		
5	0,793		Valid		
6	0,683		Valid		
7	0,603		Valid		
8	0,685		Valid		

The above table shows relatively similar results that all items of questions being asked in the questionnaire dealing with transformational leadership (X_2) are valid, as the r value of all items is higher than r tabel (0,182) which means that the questionnaire is valid to measure transformational leadership variable. Besides, the value of r_{11} (0,811) also proves that reliability of the instrument or its level of consistency can be classified in the Very High category that makes the results reliable to investigate the

transformational leadership that is performed in PDAM in Brebes District.

c. Work Motivation (X_3)

A comparable result is also revealed in the third variable being investigated in the study. Table 4 below reveals that all items in the questionnaire dealing with work motivation (X_3) are valid since the r value of all items $>$ r table (0.182). This implies that the questionnaire has been considered valid to measure the employees' work motivation. In addition, the value of r_{11} (0.864) shows that reliability or level of consistency of

the questionnaire is categorized in Very High criterion that makes the results of this questionnaire it trustworthy in

measuring work motivation among employees in PDAM in Brebes District.

Table 4. Results of Validity and Reliability Test of Work Motivation Questionnaire (X₃)

No Item	Validity			Reliability	
	r value	r tab	Criterion	r11	Criterion
1	0,513		Valid		
2	0,530		Valid		
3	0,655		Valid		
4	0,744		Valid		
5	0,640		Valid		
6	0,559		Valid		
7	0,564		Valid		
8	0,680		Valid		
9	0,590	0,182	Valid	0,864	Very High
10	0,477		Valid		
11	0,512		Valid		
12	0,333		Valid		
13	0,689		Valid		
14	0,622		Valid		
15	0,598		Valid		
16	0,593		Valid		
17	0,518		Valid		

d. Employees Performance (Y)

Table 5. Results of Validity and Reliability Test of Employees Performance Questionnaire (Y)

No Item	Validity			Reliability	
	r value	r tab	Criterion	r11	Criterion
1	0,595		Valid		
2	0,608		Valid		
3	0,582		Valid		
4	0,479		Valid		
5	0,452	0.182	Valid	0.581	Moderate
6	0,452		Valid		
7	0,42		Valid		
8	0,196		Valid		
9	0,347		Valid		

A slightly different result is gained in the fourth questionnaire. As can be seen in the table above, all items of questions being asked in the questionnaire dealing with transformational leadership (Y) can be considered valid as the r value of all items is higher than r tabel (0,182) which means that the questionnaire is valid to measure the employees' performance variable. Unlike the results of the previous questionnaires, the value of r_{11} (0.581) proves that the reliability of this questionnaire is in moderate criterion, a different results from the three previous questionnaire. However, the results of this questionnaire can be trusted in measuring

performance of employees in PDAM in Brebes District.

Statistical Descriptive Test

The data that have been collected for every variable in this study used quantitative method by using SPSS program version 23. The first data analysis is descriptive test to gain information dealing with average, standard deviation, variance, lowest score, and highest score for every variable. The result of descriptive analysis can be seen in the following table.

Table 6. Statistical Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
Job Satisfaction	1	11	56	39,71	6,551
Transformational Leadership	1	12	40	27,20	4,751
Work Motivation	1	36	84	56,96	8,856
Employees Performance	1	24	51	32,95	4,213
Valid N (listwise)	1				

The table above reveals that the total respondents of the study are 116. For the first variable, job satisfaction, it can be seen the minimum score of employees' job satisfaction is 11.92 meanwhile the maximum score is 56.80 with average score 39.72 and 6.55 deviation standard which means that values of job satisfaction among employees is varied enough. For the Transformation Leadership variable, the descriptive analysis shows that the minimum score of the variable is 12.22 meanwhile the maximum score is up to 40.40 with average score 27.20 and

deviation standard 4.71 which also implies that transformational leadership values of the employees are relatively dissimilar. In addition, the work motivation variable's minimum score 36.46, its maximum score 84.01 with average score 56.97 and deviation standard 8.86 showing that scores of wok motivation of the employees are also varied. The same result is shown by the employees' performance variable whose minimum score 24.12, maximum score 51.76, average score 32.95 and 4.21 for its deviation

standard implying that variation of employees performance score also exist.

Path Analysis

Path analysis is conducted in this study to test the extent of effects or contribution of X variables that include job satisfaction, transformational leadership, and work motivation on Y variable, in this case employees' performance that is shown by path coefficient for each diagram showing causal relationship

between variable X_1 , X_2 and X_3 with Y variable. This path analysis is a technique that is developed from multiple linear regressions that is able to analyze the causal effect relationship that happens as those in the multiple linear regressions if the X variable has impacts on Y variable, in both direct and indirect impacts. Below is the result of calculation of path analysis of job satisfaction, transformational leadership, and work motivation's effects on employees performance.

Table 7. Result of Path Analysis calculation of Job Satisfaction, Transformational Leadership, and Work Motivation's Effects on Employees Performance.

Variable	Path coefficient	R square	t value	P
Job satisfaction (X1)	0,14	0,058	4,11	0,00
Transformational leadership (X2)	0,23	0,080	3,47	0,00
Work Motivation (X3)	0,31	0,141	6,65	0,00
Coefficient of determination	=	0,280		
F value	=	17,68		
F table	=	2,6		

Based on the values of path coefficient that are listed in the able above, a path diagram can be presented as follows:

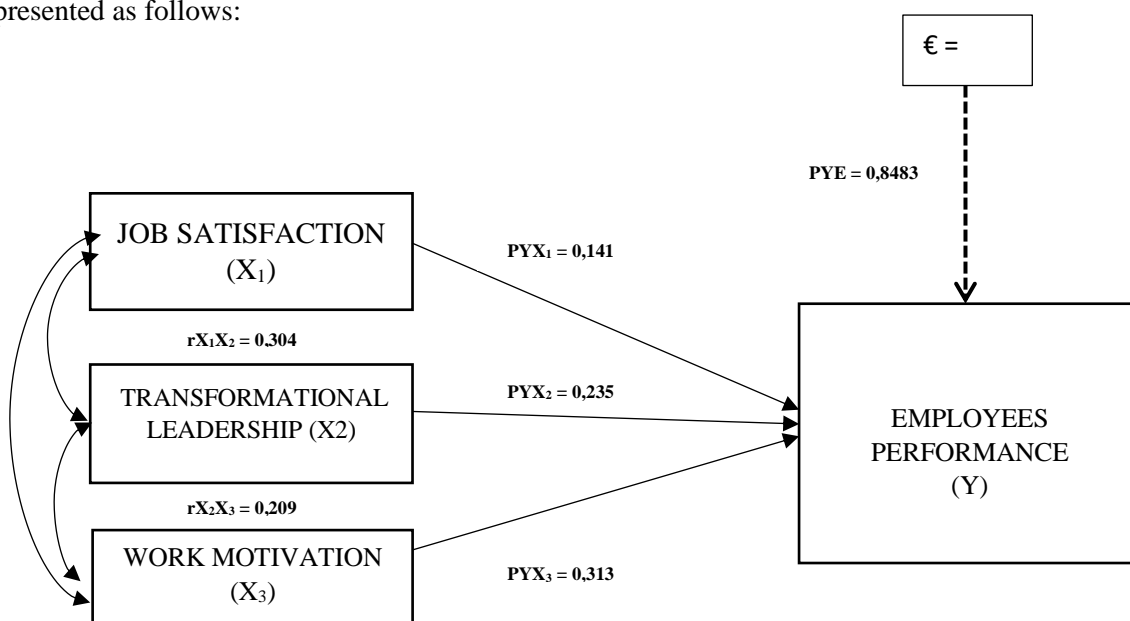


Figure 1. The Structural Relationship of Job Satisfaction, Transformational Leadership, and Work Motivation Effects on Employees' Performance

Meanwhile direct and indirect effect for each X variable on Y variable, in this case employees' performance are as follows.

a. Effect of Job Satisfaction (X_1) on Employees Performance (Y)

1) Direct effect

$$Y \longleftarrow X_1 \longrightarrow Y = PYX_1 \cdot PYX_1$$

$$= 0,141 \times 0,141$$

$$= 0,020$$

Meaning : the direct effect of job satisfaction (X_1) on employees performance (Y) is 2,0 %.

2) Indirect effect (through Transformational Leadership (X_2))

$$Y \longleftarrow X_1 X_2 \longrightarrow Y = PYX_1 \cdot r_{X_1 X_2} \cdot PYX_2$$

$$= 0,141 \times 0,304 \times 0,235$$

$$= 0,010$$

Meaning : the indirect effect job satisfaction (X_1) on employees performance (Y) through Transformational Leadership (X_2) is 1,0 %.

3) Indirect effect (through Work Motivation (X_3))

$$Y \longleftarrow X_1 X_3 \longrightarrow Y = PYX_1 \cdot r_{X_1 X_3} \cdot PYX_3$$

$$= 0,141 \times 0,641 \times 0,313$$

$$= 0,0282$$

Meaning : the indirect effect job satisfaction (X_1) on employees performance (Y) through Work Motivation (X_3) is 2,82 %.

4) Direct and Indirect effect

Economically, it can be concluded that job satisfaction directly affects employees' performance to the extent of 2,00 %, meanwhile it indirectly affects employees' performance through transformational leadership to the extent of 1,00 % and through work motivation is up to 2,82%. Thus, it indirectly affects employees' performance to the total extent 5,82 %.

b. Effect of Transformational Leadership (X_2) on Employees' Performance (Y)

1) Direct effect

$$Y \longleftarrow X_2 \longrightarrow Y = PYX_2 \cdot PYX_2$$

$$= 0,235 \times 0,235$$

$$= 0,0552$$

Meaning : the direct effect of Transformational leadership (X_2) on employees performance (Y) is 5,52 %.

2) Indirect effect (through Job Satisfaction (X_1))

$$Y \longleftarrow X_2 X_1 \longrightarrow Y = PYX_2 \cdot r_{X_2 X_1} \cdot PYX_1$$

$$= 0,235 \times 0,304 \times 0,141$$

$$= 0,0100$$

Meaning : the indirect effect of Transformational leadership (X_2) on employees performance (Y) through Job satisfaction (X_1) is 1,00 %

3) Indirect effect (through Work Motivation (X_3))

$$Y \longleftarrow X_2 X_3 \longrightarrow Y = P Y X_2 \cdot r X_2 X_3 \cdot P Y X_3$$

$$= 0,235 \times 0,209 \times 0,313$$

$$= 0,0154$$

Meaning : the indirect effect of Transformational leadership (X_2) on employees performance (Y) through Work Motivation (X_3) is 1,54 %.

4) Direct and Indirect Effect

Economically, it can be concluded that transformational leadership directly affects employees' performance to the extent of 5.52 %, meanwhile it indirectly affects employees' performance through job satisfaction to the extent of 1.00 % and through work motivation is up to 1.54%. Thus, it indirectly affects employees' performance to the total extent 8.06 %.

c. Effect of Work Motivation (X_3) on Employees' Performance (Y)

1) Direct effect

$$Y \longleftarrow X_3 \longrightarrow Y = P Y X_3 \cdot P Y X_3$$

$$= 0,313 \times 0,313$$

$$= 0,0980$$

Meaning : the direct effect of Work motivation (X_3) on employees performance (Y) is 9.80 %.

2) Indirect effect (through Job Satisfaction (X_1))

$$Y \longleftarrow X_3 X_1 \longrightarrow Y = P Y X_3 \cdot r X_3 X_1 \cdot P Y X_1$$

$$= 0,313 \times 0,641 \times 0,141$$

$$= 0,0282$$

Meaning : the indirect effect of Work motivation (X_3) on employees performance (Y) through Job satisfaction (X_1) is 2.82 %

3) Indirect effect (through Transformational Leadership (X_2))

$$Y \longleftarrow X_3 X_2 \longrightarrow Y = P Y X_3 \cdot r X_3 X_2 \cdot P Y X_2$$

$$= 0,313 \times 0,209 \times 0,235$$

$$= 0,0154$$

Meaning : the indirect effect of Work motivation (X_3) on employees performance (Y) through Transformational Leadership (X_2) is 1.54 %

4) Direct and Indirect effect

Economically, it can be concluded that work motivation directly affects employees' performance to the extent of 9.80 %, meanwhile it indirectly affects employees' performance through job satisfaction to the extent of 2.82 % and through transformational leadership that is up to 1.54%. Thus, it indirectly affects employees' performance to the total extent 14.16 %.

From this calculation of path analysis, it can be inferred that proportionally, the value of coefficient determination (R^2) is $= 0.0582 + 0.0806 + 0.1416 = 0.2804$. The R square value 0.2804 shows that variation

of employees' performance changes can be determined by changes in the job satisfaction, transformational leadership, and work motivation variables to the extent of 28.04%, meanwhile the rest 71.96% is affected by other factors that are not investigated by this study.

Discussion

1. The Relationship between Job Satisfaction and Employees Performance in PDAM, Brebes

The findings of the study imply that job satisfaction doesn't give significant direct contribution or effect on employees' performance in PDAM Brebes, that is only up to 2.0%. The effect of job satisfaction is higher when it is added by transformational leadership and work motivation with higher effect that is up to 5.82%. The low effect of job satisfaction on employees' performance is predicted due to different level of job satisfaction among each employee depends on the role each employee plays in a workplace (Vroom, 1964).

2. The Relationship between Transformational Leadership and Employees Performance in PDAM Brebes

Different from job satisfaction variable, the results of the study reveal that transformational leadership has bigger contribution or effect on employees' performance in PDAM Brebes with coefficient score 5.52 %. The effect becomes stronger if it is added by job satisfaction and work motivation with coefficient score

8.06%. The bigger effect of transformational leadership is may be because transformational leadership is an integration of creativity, persistence, energy, intuition, and sensitivity of the leaders towards their employees as an attempt to formulate the company's goals that may contribute to give big impacts on the employees, especially on their performance in accomplishing their duties (Boehnke, 2002). This result is in accordance with finding of Elgal, et al (2015) revealing that transformational leadership significantly affects employees' performance.

3. The Relationship between Work Motivation and Employees Performance in PDAM Brebes

Between the three variables, work motivation gives the biggest effect on employees' performance in PDAM Brebes with coefficient 9.80%. This variable's effect gets stronger if it is accumulated with other variable's coefficient whose score up to 14.16%. The effect of work motivation is bigger than job satisfaction and transformational leadership's effects, in both direct and indirect effects. Some of the factors that may affect employees' work motivation include higher salary, additional allowance, and better supervision system so as to have

promotion. These factors have potency to trigger the employees to give better work performance which in turn will contribute to improve the company's profits and productivity of their own employees (Chaudhary & Sharma, 2012).

4. The Relationship between Job Satisfaction, Transformational Leadership, and Work Motivation as a unity and Employees Performance in PDAM Brebes

Job satisfaction, transformational leadership, and work motivation at the same time can give big contribution or effects on employees' performance in PDAM Brebes with coefficient 28.04%. The rest 71.96% are affected by other factors that are not investigated by this current study. Each variable has direct effects on employees' performance and they can give stronger and more significant effects when they are implemented at the same time to improve the employees' performance in a company, compared to their each partial effect.

CONCLUSION AND IMPLICATION

A. Conclusion

Based on the results of the study, some conclusion can be drawn as follows:

1. Job satisfaction has significant effect on employees' performance

2. Transformational leadership has significant effect on employees' performance
3. Work motivation has significant effect on employees' performance
4. Job satisfaction, transformation leadership, and work motivation at the same time, have more significant effects on employees' performance

B. Implication

The findings of the study have some implications that can be used as suggestions and considerations to the related parties or authorities that include:

1. Transformational leadership has direct effect on employees' performance. The transformation leadership model to be implemented in PDAM Brebes is suggested to put more concern on showing attitude that is able to make the employees to admire, respect, and trust the leaders.
2. Work motivation of employees has pivotal role to support and improve their performance. This implies that one's work motivation is able to help and support other employees to improve their own competence
3. Job satisfaction also has significant effect on employees' performance. The improvement of job satisfaction can be triggered by the improvement

on appraisal system for the employees in both financial and non-financial supports that are adjusted to the employees' workload and responsibilities, by still considering condition and facilities that are used to support the works accomplishment.

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